

For publication

Markets Fees and Charges 2023-24

Meeting:	Cabinet
Date:	17 January 2023
Cabinet portfolio:	Town Centre and Visitor Economy
Directorate:	Leisure, Culture and Community Wellbeing
For publication	

1.0 Purpose of the report

- 1.1 To set the fees and charges for the Chesterfield Open Markets for 2023-24.

2.0 Recommendations

- 2.1 That the fees and charges for the Chesterfield Open Markets for 2023-24 be as detailed in Appendix 1, with Appendix 2 detailing the current 2022-23 fees and charges for comparison.
- 2.2 That the agreed 2023-24 rates of Fees and Charges be put in place from Monday 3 April 2023.
- 2.3 That as part of the market reconfiguration project being undertaken between 2021 and 2025 a review of the pricing structure be made during this time, identifying the premium and secondary pitches, following best practice adopted nationally and ensuring a value for money approach is taken to realise the full income potential of the market. These fees to be adopted for 2024-25, subject to the necessary consultation and approvals procedures.
- 2.4 That the Service Director for Leisure, Culture and Community Wellbeing, through delegated authority with the Cabinet Member for Town Centre and Visitor Economy, apply appropriate negotiated fees for new activities and opportunities that are introduced during the period covered by this report.

3.0 Reason for recommendations

3.1 Supporting the town centre economy is at the heart of what we do and continues to be a key priority for the Council. It is necessary to sensitively increase stall fees to ensure the cost-effectiveness of a Markets operation in relation to increases being seen in maintenance costs, energy costs and staffing costs. There has been no increase in Fees since 2016.

3.2 The impact of COVID-19 significantly reduced Markets occupancy and income in 2021-22, traders were supported through this period with initially free rent and then reduced rents of £5 and then £10. Full rents did not resume until 28 February 2022. Trader numbers have continued to decline, and 2022-23 levels of income remain significantly lower than anticipated for the 2022-23 financial year. As such any rise in stall fees will need to be sensitive.

3.3 As part of the Revitalising the Heart of Chesterfield project the open market is set to benefit from a £1.15 million intervention alongside a wider Northern Gateway and public realm scheme. It is anticipated that this will help support, strengthen and re-invigorate the market area ensuring it is ready to meet the future demands of the town centre.

4.0 Report details

Approach to setting fees and charges

4.1 In accordance with the Medium-Term Financial Strategy, fees and charges are required to be reviewed on an annual basis to ensure that the cost of providing the service is recovered.

4.2 The Medium-Term Financial Plan is constructed on the basis that additional income will be generated from fees and charges, the process being followed for the review of income to be realised includes an assessment of each fee to identify how it meets the Council's strategic purposes and the level of increase that is proposed as well as taking into account of present economic conditions. The fees have been based on a robust estimate of the impact of cost increases and demand within the services and the Council's overall financial position. This includes assessing the affordability of any of these increases to our residents and customers. Cost pressures and changes in demand include:

- Increase in energy costs
- Inflationary increases (October CPI 11.1%) resulting in increases in supply costs and materials

- NJC Pay Claim for 2022-23 which has resulted in a higher than budgeted for pay increase for staff and a higher than anticipated budget for the 2023-24 Pay Claim
- Any specific service issues around cost increases or service usage

Service specific context

- 4.3 The Council has previously reviewed Open Market fees and charges every year. As such it is already anticipated there would be a review for 2023-24, normally the prior financial year performance helps inform the fees review based on occupancy and income levels.
- 4.4 Any review of fees and charges needs to be sensitive to any impact it may have on the current trader base, which is fragile and continues to decline, the impact of the cost of living, the economic downturn and Trader's retiring are all key factors in this downturn in Trader numbers. Any increase that is viewed as un-realistic or un-sustainable regarding the current trading patterns could have a negative effect on trader numbers and result in further losses. The proposed increase can be seen at Appendix 1 and is viewed as sensitive enough to not impact on current occupancy.
- 4.5 A review of other fees and charges in towns similar in size to Chesterfield would indicate that the proposed fees remain realistic and comparable. A benchmarking exercise is detailed at Appendix 3.
- 4.6 The council is committed to providing a good quality, well maintained, safe and vibrant market. The sensitive increase being suggested for 2023-24 helps ensure these standards are maintained and further future investment in our Market through the Revitalising the Heart of Chesterfield project is evidence of the commitment.

5.0 Alternative options

- 5.1 A larger increase than proposed could be applied to the current fees and charges. It is felt that the proposed fees which are being proposed are sensitive and sustainable. Any increase above this is viewed as potentially having a detrimental impact on Trader occupancy.
- 5.2 To not raise stall fees, however this is not viewed as realistic due to the Council's current financial circumstances.

6.0 Implications for consideration – Financial and value for money

- 6.1 The estimated anticipated income for 2022-23 is £209,112. The original budget was £363,940, this would see a deficit of around £150,000. Current occupancy levels continue to fall. Monday – 44 traders, Thursday 112 traders, Friday 37 traders and Saturday 67 traders. As

such around 260 stalls let each week. A review of occupancy and income from 2014 can be found at Appendix 6.

- 6.2 The suggested stall fee increase is anticipated to deliver an additional £20,000 in income for 2023-24. As such the estimated forecast budget is £229,112 which reflects the anticipated estimated revised budget for 2022-23 plus the proposed increase. This includes a further occupancy decline of around 10% attrition.
- 6.3 The occupancy differential between 2019, 2021 and 2022 is minimal, however the income is significantly lower due to traders taking up cheaper stalls, moving locations or negotiating rents that are sustainable for them. Alongside this the retainer system has remained paused since the return from the pandemic, with no back rents for non-attendance being collected. This is due to Traders being in the position of having multiple stall options they could chose from, as such trading as a casual, who do not pay retainers. Being Licensed is no longer seen as a benefit.
- 6.4 It should be recognised that a low occupancy market with an abundance of available stalls requires managing sensitively, traders can justify negotiating rent reductions or no longer Licensing to a specific pitch so as not to pay a retainer. Being over challenging is likely to lose traders in the current downturn.
- 6.5 The suggested 40p increase in electricity recharged for stall lighting is anticipated to cover the uplift in energy costs of around a 25% increase.
- 6.6 These raises combined would see stall price increases of between £1.20 and £3.30 per stall. This makes an average stall price on Monday and Friday £17.90, Thursday £26.50 and Saturday £26.95.
- 6.7 A review of controllable costs is being undertaken, focussing on staffing levels, the relevance of 4 market days, the use of New Square as a Market space prior to RHOC and other options to reduce operational costs.
- 6.8 The National Association of British Market Authorities (NABMA) released the 2022 National Market Survey in December 2022. The headlines nationally were that:
 - Nationally occupancy levels (outside London) were continuing to decline annually from 2017
 - There was a significant reduction in stalls available which further masked the occupancy decline, noted as thousands
 - The national average stall price was £22.97
 - Trader numbers had reduced from 46,000 in 2021 to 32,000 in 2022

- Less traders were working on traditional markets, switching to part-time market working and focussing on speciality event markets
- Only 40% of the 241 markets surveyed were delivering a surplus, 27% were in deficit and 23 were at break-even
- The full report can be seen at Appendix 7

7.0 Implications for consideration – Legal

7.1 The recommendations have no negative Legal implications.

8.0 Implications for consideration – Human resources

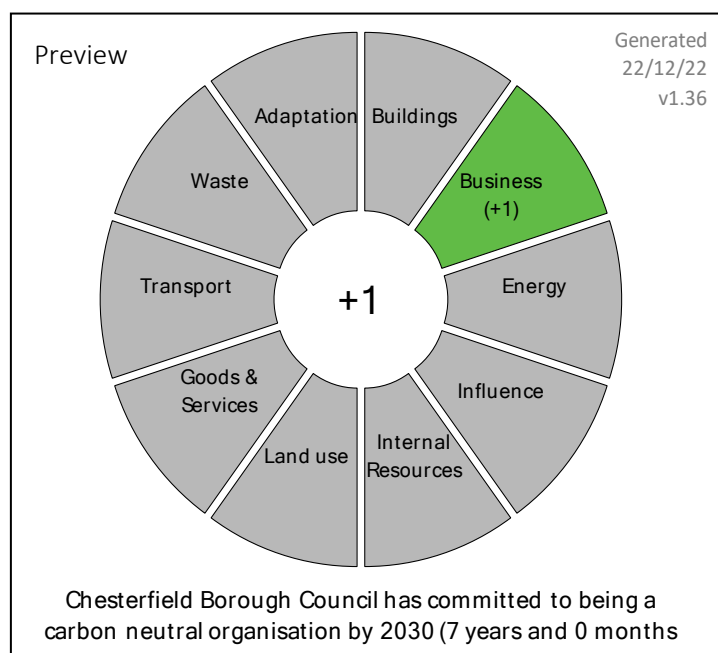
8.1 The recommendations have no negative Human Resources implications.

9.0 Implications for consideration – Council plan

9.1 A sensitive increase in fees continues to support the Council Plan by assisting in the three key objectives, making Chesterfield a thriving Borough, Improving the quality of life for local people and providing value for money services.

10.0 Implications for consideration – Climate change

10.1 It is viewed that the proposed fees and charges increase have no material change from a climate perspective on the market's operation. The Climate Change Impact Assessment can be seen at Appendix 5.



11.0 Implications for consideration – Equality and diversity

11.1 A Preliminary Equalities Impact Assessment has been undertaken and as a result of this it has been identified that there is no disproportionate impact for protected groups. The completed equality impact assessment can be found at Appendix 4.

12.0 Implications for consideration – Risk management

Description of the Risk	Impact	Likelihood	Mitigating Action	Impact	Likelihood
Increase in charges may result in trader losses and a reduction in income	M	M	Sensitive assessment to ensure minimum financial impact on existing Trader base. Communications plan to all users outlining the Council's need to increase fees sensitively	L	L
Damage to Council's reputation	H	M	Sensitive assessment to ensure minimum financial impact on existing Trader base. Communications plan to all users outlining the Council's need to increase fees sensitively	L	L

Decision information

Key decision number	<i>All key decisions must be in the Forward Plan at least 28 days in advance. There are constitutional consequences if an item is not in the Forward Plan when it should have been. Contact Democratic Services if in doubt.</i>
Wards affected	All

Document information

Report author

Andy Bond, Town Centre Operations Manager, Leisure, Culture and Community Wellbeing.

Background documents

These are unpublished works which have been relied on to a material extent when the report was prepared.

This must be made available to the public for up to 4 years.

Appendices to the report

Appendix 1	Open Market Fees and Charges 2023-24.
Appendix 2	Open Market Fees and Charges 2022-23.
Appendix 3	Benchmarking Exercise.
Appendix 4	Equality Impact Assessment.
Appendix 5	Climate Change Impact Assessment
Appendix 6	Occupancy and Income Review 2014 - 2022
Appendix 7	NABMA National Market Survey 2022